

# U.S. Payrolls Preview: Delayed Sep'25 Report

## MNI View: Delayed But Still Important Validation Of Alternative Indicators

November 17, 2025 - By Chris Harrison

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#### Executive Summary

- The long-awaited nonfarm payrolls report for September will be released on Thursday at 0830ET.
- Having been collected prior to the government shutdown, this could be the last “conventional” payrolls release of the year with potential for a combined report covering October and November in December.
- Nearly all primary dealer analysts have stuck with their original estimates, for a median estimate of 60k nonfarm payrolls growth, consistent with the 58k in the broader Bloomberg survey.
- The unemployment rate should be watched particularly closely not least before there's a good chance there won't be an unemployment rate estimate for October. It's seen holding at 4.3% with various trackers pointing to very marginal deterioration on the month.
- Patient Fed speak has seen a large hawkish adjustment at the front-end in recent weeks, with only ~10bp of cuts priced for the Dec 9-10 FOMC meeting vs 22bp prior to Powell's press conference late last month.
- There's a chance we won't have another payrolls report released prior to this December meeting.

#### Possibly The Last “Conventional” Payrolls Report Of The Year

The BLS has announced it will now publish the nonfarm payrolls report for September on Thursday (Nov 20) at 0830ET, after its original planned publication on Oct 3 was disrupted by the government shutdown. It will see the report viewed in unusual light, being more a validation of subsequent alternative labor releases rather than new information. Those releases on balance have showed further moderation in jobs growth, with some pointing to net job losses, but with only modest increases in unemployment rate trackers implying a further crimping of labor supply. The MNI “Shadow” employment reports that we've published should be a first port of call for latest labor data developments: see *Labor Market Stays Soft* ([pdf link](#), Oct 15) and *Mostly Steady Cooling Amidst The Fog* ([pdf link](#), Nov 10) for more. In the current environment, we view these official BLS data as a useful benchmarking exercise from which developments in alternative indicators can then be run from. As such, scope for market reaction is likely smaller than usual but certainly non-trivial, with particular sensitivity to surprises in the unemployment rate.

For now, tracking from both the Chicago and Dallas Feds point to an unemployment rate of 4.4% as of October vs the 4.32% with the August BLS report. Importantly, that's still below the 4.5% the median FOMC participant forecast to average through 4Q25 back at the September SEP, likely playing a role in Fed speakers wanting to take a cautious approach to policy easing along with the “fog” that has come from a lack of official data releases. Note also that we focus on the unemployment rate here not only because of its ability to better capture labor market balance amidst large changes to both labor demand and supply but also because we could be waiting some time for the next BLS unemployment rate update. NEC's Hasset has indicated that the October nonfarm payrolls report won't include the unemployment rate, which wouldn't surprise us owing to the difficulty of retrospectively conducting a household survey for the appropriate reference period. As such, the next update won't be until the November report is released, which by our guess might not be until the end of this month and possibly even later judging by the speed at which the BLS has started to roll out its post-shutdown release schedules. That starts to encroach upon the November payrolls report, due Dec 5 but plausibly with a one-week delay that would see it possibly come after the Dec 9-10 FOMC meeting. That in turn could lend support to a combined report, with both October (in its potentially truncated format) and November data published at the same time in an attempt to land before the December FOMC meeting. As such, the next “clean” read might not come until the December report due in January. We have lent on our own understanding of how these reports are put together (see a primer, [here](#)) as well as pieces from the MNI Policy Team with former BLS Commissioners Abraham and Beach, both of which you can find at the bottom of this report.

### Median Estimate Sees NFP Growth Of ~60k, U/E Rate Steady

Analyst estimates are starting to be re-submitted to Bloomberg again, with a median currently at 58k for nonfarm payrolls growth in September from 32 estimates submitted at typing vs 70-80 normally. That's along with 70k for the private sector, an unchanged unemployment rate at 4.3% and average hourly earnings growth of 0.3% M/M. Note that nearly all of the primary dealer estimates we've seen are unrevised from their original entry that we had collected prior to the scheduled release last month, with the median at 60k still slightly stronger than broader consensus for nonfarm payrolls albeit with a wide range of -20k to 105k. There is also the same 4.3% for the unemployment rate, with still little skew to estimates here, and the risks seen that the earnings data are on the soft side.

### Fed Officials Are Clearly Watching A Broad Range Of Labor Market Metrics

The minutes for the September FOMC meeting provided a helpful checklist of indicators in lieu of / in addition to the headline nonfarm payroll change figure: "the unemployment rate, the ratio of job vacancies to unemployed workers, wage growth, the percentage of unemployed workers who find a job, the quits rate among employed workers, and the layoff rate." Most of these tend to primarily be looked at via government releases and have been unavailable throughout the government shutdown but the labor market is one of the areas best served by alternative indicators. Powell at a NABE speech ([link](#)) in mid-October noted that these include state-level jobless claims, non-governmental statistics on job openings and hiring along with survey-based evidence from the NFIB and Conference Board's consumer survey. We have discussed these extensively in the aforementioned "shadow" employment reports.

For the more pertinent updates specifically ahead of Thursday's nonfarm payrolls release, we note the following for job creation:

- ADP private sector payrolls are estimated to have declined by -29k in September (marginally revised from the -32k) before increasing by 42k in October.
- Revelio Labs pencil currently estimate nonfarm payrolls growth of 33k in September (notably revised down from a 60k in their initial release) before -9k in October.
- The Carlyle Group estimated 17k increase in September. This is based on operational data from its portfolio companies which employ more than 700k people globally (see more, [here](#)).

#### Layoffs/re-hiring:

- Initial jobless claims data point to go change in layoffs compared to the previous payrolls reference, at a seasonally adjusted 232k in the September week vs 234k in Aug, both a little higher than the 221k in Jul but better than the 246k in Jun. State-level jobless claims data since then point to a similar ~231k since then for the October period.
- Continuing claims meanwhile improved in the September reference week to 1916k vs two months at 1944/1946k, although have since lifted again to an estimated 1957k for October in the state details.
- Layoff announcements in the Challenger Gray report jumped to their highest for an October since 2003 but that's clearly too soon to show in the September payrolls report and it also hasn't shown in realized jobless claims to date either.

#### Unemployment rate

- The Chicago Fed's u/e rate nowcast inched up to 4.34% in September vs 4.32% in the BLS August report and continued to nudge up to 4.36% as of its October release.
- The Dallas Fed's alternative LMCI, which strips out government-reliant releases, increased to 4.4% in October.

#### Primary Dealers See Steady U/E, Dovish AHE Skew

	Payrolls	U/E (%)	AHE (M/M)
Scotiabank	-20	4.2	0.3
BMO*	30	4.3	0.3
NatWest*	35	4.3	0.2
Mizuho	40	4.3	0.3
Wells Fargo	45	4.3	0.3
Barclays	50	4.3	0.3
J.P.Morgan	50	4.3	0.3
Morgan Stanley	50	4.3	0.3
RBC*	51	4.2	0.1
Societe Generale*	58	4.3	0.3
BNP Paribas	60	4.3	0.3
HSBC	60	4.3	0.3
BofA	65	4.3	0.3
Jefferies	65	4.3	0.3
Nomura	65	4.3	0.2
Deutsche Bank	75	4.3	0.3
Santander	75	4.3	0.2
Goldman Sachs	80	4.3	0.2
UBS	95	4.3	0.3
TD Securities	100	4.3	0.2
Citi	105	4.3	0.2
<b>Median</b>	<b>60</b>	<b>4.3</b>	<b>0.3</b>
<i>Prior</i>	22	4.32	0.3

Entered in Bloomberg Finance L.P. survey or seen by MNI.

\* denotes taken from survey prior to initial Oct 3 publication date

Red denotes tighter than consensus, blue looser

## FOMC Wary Of Shutdown Fog But Still Highly Sensitive To Downside Surprises

Fed Chair Powell warned in Q&A of his mid-October NABE appearance about the potential speed at which the labor market could deteriorate owing to where we now are on the Beveridge Curve: "You're at a place where further declines in job openings might very well show up in unemployment. You've had this amazing time where you came straight down, but I just think you're going to reach a point where unemployment starts to go up." That will be exacerbated by the unusual balance the labor market finds itself in, with low hiring rates implying there's a risk the unemployment rate could increase quickly if layoffs pick up more notably. However, a lack of official labor market data plus signs of surprisingly resilient growth have seen a growing share of FOMC participants adopting a wait-and-see rhetoric to near-term easing. As Powell noted at last month's FOMC press conference during which he emphasized the strongly differing views on the committee about December cut prospects: "I think for some part of the Committee, it's time to maybe take a step back and see whether there really are downside risks to the labor market, or see whether, in fact, the stronger growth that we're seeing is real. Ordinarily, the labor market is a better indicator of the momentum of the economy than the spending data. In this case that gives a more downbeat read."

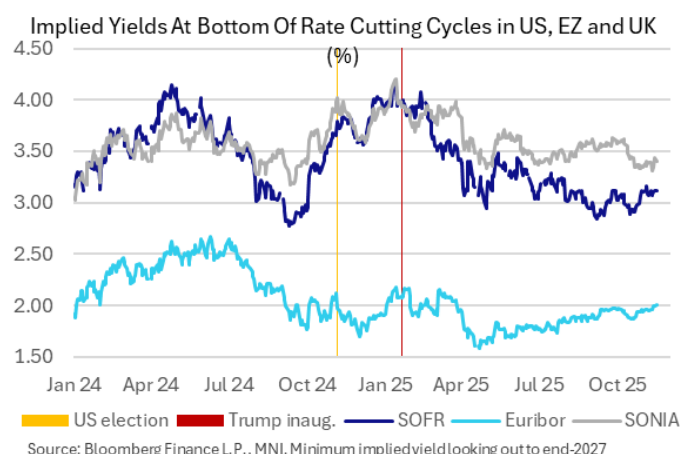
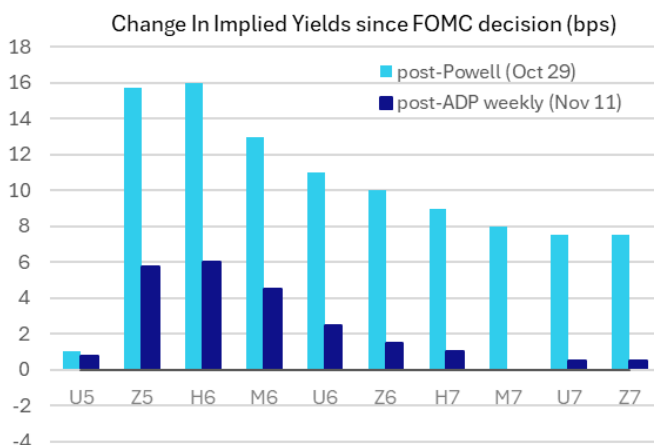
After Powell pushed back against the idea that the Fed was on autopilot going into end-year at the Oct 29 FOMC press conference, one of the key questions was how the Fed would make its next rate decision in the absence of "official" government data during the ongoing federal shutdown. Powell didn't quite endorse but likewise didn't push back against the notion that the Fed could skip a December cut in light of the data "fog": "what do you do if you are driving in the fog? You slow down...I don't know how that will play into things. We may get the data -- the data may come back, but there is a possibility it would make sense to be more cautious about moving. Again, I am not committing to that, but I am saying it is certainly a possibility that you would say, we really can't see, so let's slow down." Since then, a growing number of hawkish-sounding Fed speakers have seen December pause prospects grow further with now just 10bp of cuts priced vs 17bp prior to the October ADP report on Nov 5 and 22bp prior to Powell's press conference on Oct 29.

FOMC-dated Fed Funds futures implied rates

Meeting	Latest			pre October ADP (Nov 5)			chg in rate bp	pre Powell (Oct 29)			chg in rate bp
	%	step (bp)	cum. (bp)	%	step (bp)	cum. (bp)		%	step (bp)	cum. (bp)	
Effective	3.88			3.87				3.87			
Dec'25	3.78	-9.8	-9.8	3.70	-17	-16.9	8.1	3.65	-22	-22	13.6
Jan'26	3.68	-10.0	-19.8	3.61	-9	-25.8	7.0	3.52	-13	-35	16.5
Mar'26	3.58	-10.4	-30.2	3.52	-9	-35.2	6.0	3.42	-10	-45	16.0
Apr'26	3.51	-7.1	-37.3	3.46	-5	-40.7	4.4	3.35	-7	-52	15.5
Jun'26	3.36	-14.9	-52.2	3.31	-15	-55.7	4.5	3.22	-13	-65	13.6

Source: Bloomberg Finance L.P., MNI.

Note: Assuming the same EFFR-target lower bound spread from latest fix going ahead (the pre-Powell fix factored the Oct 29 cut into the pre-announce EFFR shown)





## Selected Sell-Side Views

*Ranked from largest to smallest NFP figure:*

### **Citi: A Benign September Report Before Weaker Outturns**

- September: NFP growth of 105k and the u/e rate to hold at 4.3%.
- This would be a benign September report - "Available data during the shutdown suggest that hiring has not sharply slowed or firing sharply increased, but that the labor market continued to loosen."
- However, in October and November, "holiday-related hiring is unlikely to pick-up as aggressively as seasonal factors imply, meaning weaker seasonally adjusted private sector job growth. October government payrolls should be dragged down by about 100k due to DOGE early resignations, meaning overall October NFP is expected to be negative. The unemployment rate in November (and October if published) should rise by ~0.2pp just based on furloughed government workers and probably will rise by more based on weak payrolls growth and rising continuing claims."
- "The October jobs report is particularly complicated now that the household survey [...] did not take place. NEC Director Hassett suggested that the household report will not be published for October. But we would not be surprised if the survey is conducted for that reference week so that BLS has a continuous monthly series for household employment and unemployment."
- "In any case, the October jobs report will be significantly delayed. It is possible that it is released together with the November jobs report on December 5th. We expect the BLS to work towards releasing both the October and November reports ahead of the December 10th FOMC meeting. But although not our base case, there is a risk that one or both reports could be delayed until after the FOMC meeting."
- "In the absence of data, the Fed has indicated "caution" would prevail which could mean skipping a rate cut at that meeting" although Citi expect the FOMC to cut in December along with 25bp cuts in Jan and Mar.

### **TD Securities: Above Consensus For September Before A Weak October**

- September: NFP growth of 100k with private 125k and the u/e rate to hold at 4.3%.
- "September reports for NFP tend to be strong, and while our forecast would imply a m/m improvement in job gains, it would still show a meaningful deceleration compared to last September's 240k."
- "We expect the bulk of the strength in private payrolls to come from education and health services along with leisure and hospitality. A decline in federal jobs is likely to continue weighing on NFP."
- "AHE likely moderated to 0.2% m/m, translating to 3.6% y/y."
- "Meanwhile, we expect October payrolls to print close 0k-10k, with a negative headline certainly possible (assuming our 100k September forecast). The contraction in government jobs is also a notable wildcard. If released, the October UE rate could be 4.5%, pushed higher due to a temporary increase in temporary layoffs owing to the government shutdown."
- "This backdrop complicates the reaction to this week's September payrolls. Markets may look through the highly lagged print due to weak leading indicators for October. However, this could hinge on whether October payrolls will be released in time for the December FOMC, which is a close call."

### **Deutsche Bank: Downplaying ADP Weakness On Seasonal Adjustment And Localized Decline**

- September: NFP growth of 75k with private 75k and the u/e rate to hold at 4.3%.
- "Though our private payroll forecast is meaningfully above the -29k reported by ADP for September, recall that most of the weakness in that report was due to 1.) a seasonal factor adjustment and 2.) an unusually large decline in one particular region of the country."
- "We anticipate a steady gain in average hourly earnings (+0.3% vs. +0.3%) amidst a one-tenth uptick in hours worked (34.3hrs vs. 34.2hrs)."
- "The annual growth rate of our payroll proxy for nominal compensation growth should rise by 50bps to 4.9%, though the quarterly annualized growth rate would dip to 3.7% – the slowest since the pandemic."

### **BofA: All Eyes On Possible Upward Revision To August**

- September: NFP growth of 65k and the u/e rate to hold at 4.3%.
- "After a weak summer in the job market, we expect Sep payrolls to rise by 65k, above consensus expectations. All eyes will be on a possible upward revision to Aug."
- "Additionally, we expect the u-rate to remain at 4.3% with stable income growth, reducing concerns around a demand-driven labor slowdown."

**Barclays: Eyeing Similar Payrolls Growth To Recent Trends**

- September: NFP growth of 50k with private 50k and the u/e rate to hold at 4.3%.
- "Barring revisions, our forecast would imply an average gain of 50k over the 3m period ending in September, roughly matching the 55k pace seen in the three months ending in June."
- "We think that the unemployment rate likely remained at 4.3%, after rising a tenth in each of the prior two months, and that hourly earnings will post a trend-like increase of 0.3% m/m (3.7% y/y). The workweek will likely remain at 34.2 hours."

**Wells Fargo: Risks Tilted To U/E Rate Surprising Higher At 4.4%**

- September: NFP growth of 45k and the u/e rate to hold at 4.3%.
- "Alternative labor market data have continued to paint a mixed picture where the jobs market is not improving, but not falling apart either."
- "Even as the September nonfarm report will be somewhat dated, it may be the final full employment report the Fed has in hand ahead of its December monetary policy meeting."
- "One thing we'll be watching closely is the unemployment rate. After some volatility in recent months, we expect labor force participation to be little changed in September as soft demand and supply challenges persist."
- "While this should keep the unemployment rate steady, the risks are tilted toward an increase to 4.4% with some potential giveback in the household survey employment measure. If realized, that would put the rate above the FOMC's central tendency estimates of "full employment," keeping the heat turned up at the Fed to cut rates at its final meeting of the year."
- "This is still our base case outcome, though market pricing has come off a bit in the absence of traditional data and more hawkish Fed speak. We ultimately expect continued labor market cooling and fairly-contained inflation pressure will lead the Fed to cut."

## MNI Policy Team Insights

### MNI INTERVIEW: US Job Market Continues To Slow - Glassdoor

*By Evan Ryser (Nov 14, 2025)*

WASHINGTON - The U.S. job market is continuing to slow but there are no signs of a more worrisome decline, Glassdoor chief economist Daniel Zhao told MNI, adding that the Federal Reserve should continue its fight against inflation.

"The Fed is taking out an insurance premium at a time when the rest of their household budget might not be able to afford it," he said. "There's still the inflation side of the dual mandate that the Fed needs to worry about, and we aren't seeing signs yet of a sharp deterioration in the job market."

"Overall, the holistic picture we're seeing is still a job market that is slowing, if not sluggish," Zhao said about Glassdoor labor market data. "The job market is still slowing steadily. We don't see any reason to believe that trend has stopped."

The Fed lowered borrowing costs for a second straight meeting in October, though recent speeches and appearances from policymakers have shown officials are so far split on the prospect of a third cut in December. The government's data deluge will be key for the Fed and half of interest-rate traders bet the Fed would cut its interest rate in December, according to the CME FedWatch tool. (See: MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan)

## SLOWING STEADILY

Glassdoor, an employment site that is part of Indeed, collects tens of thousands of employee ratings and their data suggest layoffs were down in October but increased significantly year-over-year, Zhao said in an interview. Employee anxiety about layoffs has risen over the last few years.

"The recent wave of layoff announcements came at the end of October, so its possible workers have not had the opportunity to react. Instead, we might see employee sentiment at the start of November start to incorporate this news."

Glassdoor's employee confidence index, a new report that provides a real-time pulse on the economy from the lens of employees, dropped in October and is now at the lowest level since June, which was a record low, he said. "Clearly, employees feel sour about the current job market," Zhao said.

"We've seen that in the past where a small rise in the unemployment rate tends to beget a much larger one," he said. But, "we aren't seeing signs of those cracks really starting to take hold in the labor market quite yet."

Salaries dropped month-over-month in October and September but increased year-over-year in October. "The picture for pay is that it is slowing in the short run, but overall it has not deteriorated rapidly," Zhao said. (See: MNI INTERVIEW: Fed Will Cut In Dec, More Next Year-Reinhart)

## CLEAN READ

Zhao is expecting continued impacts from the government shutdown in the monthly jobs report, particularly when it comes to government payrolls, and a negative overall payrolls print is "absolutely" possible. He's not expecting a "clean read" in the BLS jobs reports until the December report is released in January.

The impetus for hiring growth is largely limited to the healthcare sector, he said. "Healthcare is really the only industry that is consistently adding jobs month-over-month, whereas if you look at all the other industries put together, they've actually lost jobs."

"We know that there are tens of thousands of federal workers who have rolled off of federal payrolls because their voluntary severance payments are ending. That is a real trend, regardless of how it shows up in the data."

## MNI INTERVIEW: US Jobs Data Missing At Crucial Time - Abraham

*By Jean Yung (Nov 10, 2025)*

WASHINGTON - Official U.S. jobs data are sorely needed at a time when a slowdown in immigration and AI-related job cuts are making it difficult to assess the health of the labor market, and private data are no substitute, former Bureau of Labor Statistics Commissioner Katharine Abraham told MNI.

The October household survey from which the unemployment rate is calculated is unlikely to be collected, she said as the record federal government shutdown forced a second straight missed publication of the BLS's closely-watched monthly employment report Friday.

"We were starting to see upticks in long-term unemployment. Employers are not hiring as much, and it seems like there's a lot of caution in bringing people on board," she said in an interview. "AI is also a factor. You're starting to see companies talking about not hiring or laying people off because they can be more efficient."

On the other hand, with a large decline in immigration, the number of new jobs needed to hold the unemployment rate steady has fallen to something like 50,000 a month from some 120,000 a year ago, she said. "That would be a natural explanation of why payrolls has slowed, not necessarily an indication we're not keeping pace with new workers becoming available."

"It's hard to parse out all of these conflicting signals, so it's a time when having good current data seems particularly important."

#### HOLE IN THE DATA

Various sources of private sector data can enrich an understanding of the labor market, but they rely on official benchmarks and offer only a partial view of the U.S. economy, said Abraham, economist at University of Maryland.

A payroll service provider like ADP adjusts its customer-generated data to the Labor Department's quarterly census of employment and wages, so it can upweight industry cells where there's less representation among their customers to come up with a more representative measure, she said. "If they didn't have benchmark data, they couldn't do that."

It would be difficult for the BLS to ask about the original reference week for October belatedly, as it did following the 1995-1996 and 2013 shutdowns, she said. In those episodes, surveys were conducted just a week late. Now, much more time has passed and respondents are likely to make errors in recalling what they were doing weeks earlier.

Operationally, changing the November questions and reprogramming the computerized survey instruments would also be difficult, she said. "There will probably will be a hole in the data." (See MNI INTERVIEW: US BLS On Track To Miss Nov CPI Report -Beach)

CPI data that's typically collected physically from stores and doctors offices may be lost as well for as long as the shutdown continues, Abraham said. If the BLS manages to collect November price data, it may put out an estimate of the one-month change for October, linearly interpolating from the November price index levels, she said.

"It would be better if they did so there's a monthly number people could work with," she said.

### MNI INTERVIEW: US BLS On Track To Miss Nov CPI Report - Beach

*By Jean Yung (Nov 4, 2025)*

WASHINGTON - The U.S. Bureau of Labor Statistics should be able to generate a good portion of the October jobs report when the federal government reopens, but October and even November CPI reports are likely to be permanent casualties of the near-record shutdown, former Bureau of Labor Statistics Commissioner William Beach told MNI.

As the shutdown enters a second month, field representatives have been unable to interview households for the Current Population Survey or collect prices at physical locations for CPI. Missing data could be estimated, but the BLS would likely refrain from doing so, Beach said.

"They'll have to make a judgment call and say, should we publish just partial data or not? And my guess is they won't publish partial data," Beach said in an interview.

"There may be some effort to try to give a sort of bridge CPI or an unofficial CPI where you take as much information as you're able to obtain and then estimate the missing observations based on econometrics or modeling. But I don't think BLS would ever do that," he said. "BLS should not be doing estimations like that. We'll let the Federal Reserve do that or some other entity."

#### INFLATION DATA GAP

The BLS recalled staff to generate September's inflation report whose data collection was completed before the shutdown, but it seems two months of CPI data may be missed for the first time in a century-long series, Beach said.



"It takes a full month to collect all of the observations, so you might be able to do so with real effort – if everybody's working – in two or two-and-a-half weeks. Certainly three weeks gives you a pretty good shot. But if this goes on for two weeks in November, then we may miss the CPI for November as well."

Approximately two-thirds commodities and services price collection is done by visits to brick-and-mortar stores, according to BLS, and some staff may have quit while on furlough. Remaining data are collected by phone or on a store's website, and some like gasoline and rent prices from private sector data sets.

"We'll get some of those data, but how do you put together a CPI with only bits and pieces of it?" Beach said. The statisticians may be able to estimate some October prices from November collections, but "I seriously doubt that October will have a CPI."

"And when BLS comes back into activity, we'll be able to see how many people have left. Hopefully none, but I would be surprised. They were already short 25% of their normal payroll."

PPI data is mainly collected electronically and should become available once the shutdown ends, though it's unclear if import and export prices, which rely on Commerce Department data, will be available, Beach said.

Without CPI, the Bureau of Economic Analysis won't be able to produce the PCE price index, the Federal Reserve's preferred measure of inflation, Beach said.

## JOBS REPORT

The BLS should be able to produce some October labor market data after the shutdown, especially payrolls and potentially the unemployment rate, Beach said.

However, recall bias for the household survey is likely to result in bad responses to questions such as over part- or full-time work. And data will be particularly difficult to collect for certain groups including young people under 25, who typically require longer interviews, and smaller racial demographics, Beach said.

"The longer we get away from the 12th of October, which is the date on which that survey was supposed to start, the more unlikely they will try to get October labor force data," Beach said.

## OPERATING IN THE DARK

Fed Chair Jerome Powell conceded last week the temporary data outage could warrant caution when the FOMC considers whether to cut interest rates again in December. (See: MNI INTERVIEW: More Fed Cuts Risk Inflation Spike-Weinberg)

"We are starting to operate in the dark, at a crucial time for the economy. There's an indication that prices are rising and the labor market is slowing down, so you would want right now to have the best data available. And yet we have no data available," Beach said.

"We have a sense that the economy may be operating at a slower pace, but there's some indications from the Atlanta Fed that the economy is actually picking up. These are really interesting times, and we need to have these data up and running as soon as possible."



## MNI INTERVIEW: Seasonal Demand Boost To Services Will Fade - ISM

*By Evan Ryser (Nov 5, 2025)*

WASHINGTON - The fastest gain in U.S. service sector activity in eight months in October was due to seasonal increases that will fade back to a modest growth pace over time, Institute for Supply Management services chair Steve Miller told MNI Tuesday.

"Since we're in the same place we were two months ago, before the government shut down, I'd say it's heavily seasonality impacted," Miller said.

"The only ones that were talking about growth were talking about seasonality. It was healthcare, not the kind of seasonality you want, increases in flu and cold and that type of treatment, and then increase in retail and seeing the typical retail bump this time of year, both from wholesale, retail and transportation."

The ISM composite increased 2.4ppts to 52.4 last month, above market expectations. The business activity index jumped 4.4ppts to 54.3, and new orders surged 5.8ppts to 56.2. The prices subindex increased 0.6ppt to 70.0, the highest in three years.

"I expected to see something more in line with what expectations were, something slightly over 50 with the holiday period coming in, but the new orders and business activity looked really strong and consumer oriented, Miller said

### DEMAND STABILIZING

October's PMI of 52.4 is likely the high end of the range for expected performance in the near term, he said. The demand environment appears to be stabilizing, based upon the commentary ISM has received, also pointing to a pickup in business activity and new orders.

"It's certainly the high end of the last eight months," he said. "What we've seen is a three-year decline in the trailing 12 months. There isn't anything yet that I've seen that says, 'Oh, here's an injection that's going to make our growth rate faster.' Everything is a negative pressure point -- the tariffs, the government shutdown."

"And then coming out of the Q4 seasonal improvements that we see in wholesale and retail, once we get to January and February, we could be between 50 and 53."

The supply side is still struggling. "The supplier delivery time is still in the slower range, but it's not getting slower faster," Miller said.

"One of my concerns a couple months ago was, are we going to be able to keep up with demand when we start seeing those periodic spikes in ordering? And it looks like we are. Backlog is going down, employment is still in slight contraction, but supply chain performance seems like it's stable," the ISM chief said.

Still, despite a truce with China on trade, impacts are evident in ISM data. The imports index number "took a real hit" declining by 5.5pts to 43.7. "We're seeing that turmoil in people finding other solutions or drawing down their inventories," Miller said.

### LACK OF CONFIDENCE

The continued contraction in the employment index at 48.2 shows a lack of confidence, but not pessimism, in the continued strength of the economy. Miller said services employment continues to represent a slow-hire, slow-fire environment. "There's nothing dramatic."

The ISM PMI indicates decent growth in the economy, Miller said. "What our numbers are telling us is an improvement year-over-year in GDP by a percentage point. That would tend to put us in the 3.5% range, something like that."

## MNI INTERVIEW: Trade War Preventing Factory Rebound - ISM Chief

*By Evan Ryser (Nov 3, 2025)*

WASHINGTON - U.S. manufacturing will remain in contraction territory so long as trade uncertainty continues to drag on businesses, Institute for Supply Management manufacturing chair Susan Spence told MNI.

"Havoc, uncertainty, fear, concern. Those are still the words that folks are using," she said. "It's just hard to find positive comments. It just is. And sometimes when they're positive, it's because it's seasonal," Spence said in an interview.

All four demand indicators from ISM improved over the month, but are still in contractionary territory. The ISM manufacturing index declined 0.4pt to 48.7 in October, almost a percentage point below expectations and an eighth consecutive month of contraction.

"Even though new orders are slightly up, I'm not seeing anything sustainable," Spence said, striking a pessimistic tone about demand. "There were hundreds and hundreds of comments about demand."

New orders increased 0.5pt to 49.4, production fell 2.8pts to 48.2, and employment increased 0.7pt to 46.0. The new export orders component increased 1.5pts to 44.5. The prices paid measure declined 3.9pts to 58.0.

### NO TURN AROUND

"We're just looking for any sign of hope here. I'm not saying it's hopeless, but for every month that we still are in contraction and still see these anemic orders and new export orders, I just don't expect anything to turn around," she said.

Sentiment around the labor market also worsened over the last month, Spence said. The ratio of who's hiring versus who's not back filling open positions or laying off increased from 1-to-3 to 1-to-3.5 in October.

Spence said ISM survey respondents believe Federal Reserve interest rate cuts will have little to no impact on manufacturing. "I don't know that the interest rates are going to move the needle here because of everything else going on."

"If the desire was to get companies to get going, get moving, get producing, and get hiring. That's not the thing that's going to do it. They need orders, they need work, and they need people willing to buy from us."

The ISM manufacturing chief is hopeful that a U.S.-China trade truce will last, but she wouldn't bet on it. "The chaos and the threats and the huge numbers on tariffs that get lobbed around are just overshadowing everything."